

OVERLOOKED OPPORTUNITIES WITH TAX-LOSS HARVESTING

iShares[®]
by BlackRock

Understanding Price vs. Total Return

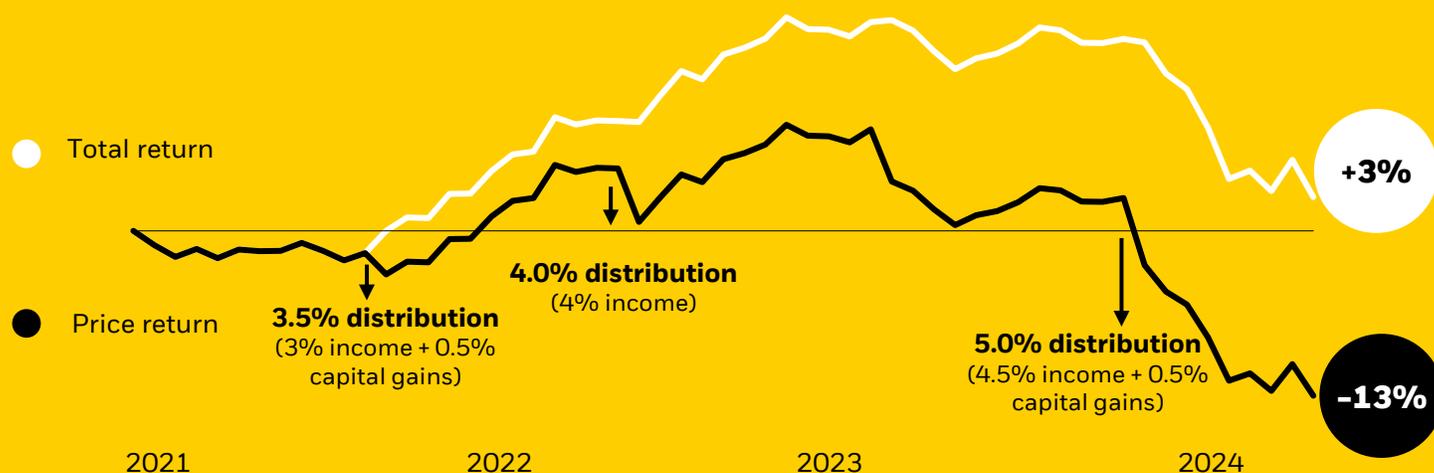
Tax-loss harvesting is the act of selling an investment at a loss and using that loss to offset gains and/or ordinary income.¹ Gains and losses are based on an investment's *price* return, not its *total* return. Client statements and funds usually report total return performance, potentially making it difficult to find tax-loss harvest opportunities.

Did you know?

Bond funds could be ripe for harvesting

97% of U.S Municipal bond, 99% of U.S Core and Core-plus bond mutual funds have a negative 5-year price return.²

Fixed Income: Income distributions give rise to tax loss harvesting opportunities



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Price return

Measures change from purchase price to sale price; Could reveal a tax-loss harvesting opportunity as negative values indicate a capital loss.

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Capital gain and income distributions

Security/ fund pays out capital gains & income distributions, these distributions reduce the price by the amount of the distribution.

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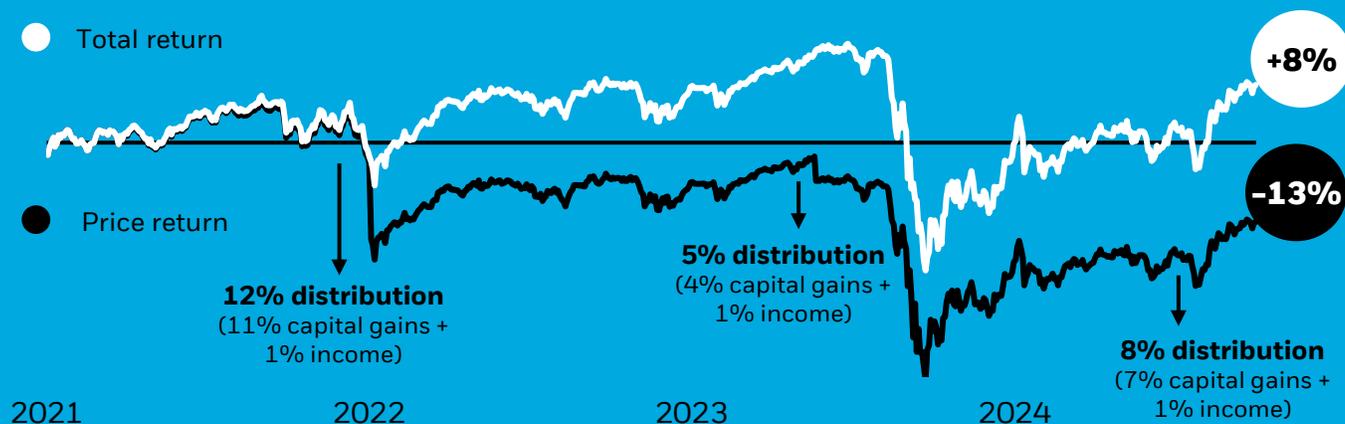
Total return

This is the return the investor experiences in total (price return + distributions). Note this can be positive even when price return is negative. (See graph above).

BlackRock does not provide tax advice. Consult a tax professional regarding any of the information contained in this document. ¹ Harvested losses can be used dollar for dollar to offset capital gains. Investors can also offset up to \$3,000 per year of regular income with realized losses. ² Source: Morningstar Direct. As of 8/31/2025. 97% oldest-share class mutual funds in Morningstar's municipal bond category, 98% of oldest-share class mutual funds in Morningstar's core-plus bond category, and 100% of oldest-share class mutual funds in Morningstar's intermediate core bond category have posted negative five-year price returns. **Past performance is not indicative of future results.**

Equities: Tax loss harvesting may be possible even when you made money

In this hypothetical example, the investor has paid taxes on the distributions. At the end of the 3-year period, selling out of the fund represents a loss despite the fund posting gains.

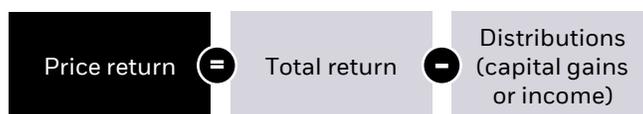


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Insight: why bonds for tax-loss harvesting?

Since bond funds tend to distribute the bulk of their return in income distributions, their price return is usually well below their total return.



Investing involves risk, including possible loss of principal.

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